



COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

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STEPHEN R. MAGUIN
Chief Engineer and General Manager

June 28, 2011

File No. 31R-106.10

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#32 JUNE 28, 2011

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

**COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
CALABASAS LANDFILL PROJECT
APPROVE EXPENDITURES FROM REFUSE DISPOSAL TRUST FUND
(THIRD DISTRICT) (3 VOTES)**

SUBJECT

Reimbursement of eligible expenditures incurred at the Calabasas Landfill to the Calabasas Landfill Working Capital Fund from the Los Angeles County Refuse Disposal Trust Fund.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize expenditure in the amount of \$565,062.06 from the Los Angeles County Refuse Disposal Trust Fund to reimburse the Calabasas Landfill Working Capital Fund for the final costs of the Calabasas Landfill North Ridge Liner.
2. Authorize expenditure in the amount of \$712,024.38 from the Los Angeles County Refuse Disposal Trust Fund to reimburse the Calabasas Landfill Working Capital Fund for the December 1, 2010, debt service payment on the Calabasas Landfill Project revenue bonds.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will authorize the transfer of funds from the Los Angeles County Refuse Disposal Trust Fund to the Calabasas Landfill Working Capital Fund for reimbursement of eligible expenditures. The Board of Directors of County Sanitation District No. 2 (Sanitation District), on November 10, 2010, authorized the reimbursement of these expenditures from the Los Angeles County Refuse Disposal Trust Fund.

The Sanitation District operates the Calabasas Landfill on behalf of the County of Los Angeles pursuant to the Amended Joint Powers Agreement. Several years ago, the site reached a point where it became necessary to finish installation of the groundwater protection liner system over the remaining area of the landfill within a short period of time. The County of Los Angeles, as owner of the landfill, provided the necessary capital through the issuance of lease revenue bonds to comply with the California Code of Regulations Title 27 Section 20330. The protection liner system was completed in April 2010; however, expenditures exceeded the Calabasas Landfill Project bond proceeds by \$565,062.06, and were paid from the Calabasas Landfill Working Capital Fund.

In December 2010 funding for the Calabasas Landfill Project revenue bond payment in the amount of \$712,204.38, was provided by the Calabasas Landfill Working Capital Fund in order to meet the payment deadline. It is recommended that your Board authorize reimbursement of these eligible expenditures to the Calabasas Landfill Working Capital Fund from the Los Angeles County Refuse Disposal Trust Fund for accounting purposes.

Current Operations

At the time of the debt issuance, site revenue was projected to be sufficient to repay the financing. The tonnage received at the site for disposal has decreased significantly over the last few years as a result of the current recession and other market factors. The current tonnage of approximately 800 tons per day is less than half of the tonnage received when the revenue bonds were issued, at which time the tonnage was nearly 1,800 tons per day. The Sanitation District has implemented several significant operation and maintenance cost reductions. It is anticipated the continued low tonnage levels will result in major revenue shortfalls in the coming years, such that, under current conditions, it is unlikely that the site will be able to provide more than a modest amount of funding to the County for future revenue bond payments. In addition, the tonnage is not expected to recover to a break-even level, estimated at 1,300 tons per day, given competitive pressures in the area, even with a gradual economic recovery.

The Chief Executive Office and the Sanitation District will return to your Board within 90 days with recommendations that will incorporate several options to remediate the revenue shortfall. The options will include financial restructuring, measures to increase tonnage, operational changes to bring in additional revenue, and cost reductions to enable the landfill to operate on a self-sustaining basis.

FISCAL IMPACT/FINANCING

Sufficient funds are available in the Los Angeles County Refuse Disposal Trust Fund for the reimbursement of the recommended expenditures.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Joint Powers Agreement that established the Los Angeles County Refuse Disposal Trust Fund allows, in Section 4 (f), for expenditures from the fund for the purpose of constructing fixed improvements necessary for conducting refuse disposal operations. Section 4(h) of the Refuse Disposal Trust Fund allows for expenditures for the payment of principal and interest on bonds issued and sold by the County for this purpose.

ENVIRONMENTAL DOCUMENTATION

The Sanitation District, as lead agency, filed Notices of Exemption for the Calabasas Landfill North Ridge Liner Projects pursuant to Sections 15301 and 15261 of the California Environmental Quality Act (CEQA) and considers the Calabasas Landfill North Ridge Cut Projects to be part of ongoing operations.

The proposed reimbursement of funds to the Calabasas Landfill Working Capital Fund does not constitute a project pursuant to CEQA because it is an activity that is excluded from the definition of a project by Section 15378(b) of the CEQA Guidelines. The proposed action is an administrative activity of government that will not result in direct or indirect physical changes to the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

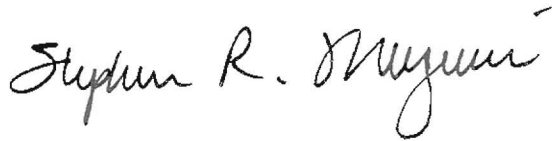
The recommended action does not affect other County services or projects.

The Honorable Board of Supervisors
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CONCLUSION

Upon approval of the recommendation, please return an adopted copy of this letter to the County Sanitation Districts of Los Angeles County and the Chief Executive Office.

Very truly yours,

A handwritten signature in black ink, reading "Stephen R. Maguin". The signature is written in a cursive, flowing style.

Stephen R. Maguin

SRM:db

c: Auditor-Controller
County Counsel
Department of Public Works